

Fiscal Estimate - 2009 Session

☒ Original ☐ Updated ☐ Corrected ☐ Supplemental

LRB Number 09-0903/1		Introduction Number AB-0068	
Description The distribution of the first dollar property tax credit			
Fiscal Effect			
State:			
<input type="checkbox"/> No State Fiscal Effect			
<input type="checkbox"/> Indeterminate			
<input type="checkbox"/> Increase Existing Appropriations		<input type="checkbox"/> Increase Existing Revenues	
<input type="checkbox"/> Decrease Existing Appropriations		<input type="checkbox"/> Decrease Existing Revenues	
<input type="checkbox"/> Create New Appropriations		<input checked="" type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget	
		<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
		<input type="checkbox"/> Decrease Costs	
Local:			
<input type="checkbox"/> No Local Government Costs			
<input type="checkbox"/> Indeterminate			
1. <input type="checkbox"/> Increase Costs		3. <input checked="" type="checkbox"/> Increase Revenue	
<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory		<input type="checkbox"/> Permissive <input checked="" type="checkbox"/> Mandatory	
2. <input type="checkbox"/> Decrease Costs		4. <input checked="" type="checkbox"/> Decrease Revenue	
<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory		<input type="checkbox"/> Permissive <input checked="" type="checkbox"/> Mandatory	
5. Types of Local Government Units Affected			
<input checked="" type="checkbox"/> Towns		<input checked="" type="checkbox"/> Village <input checked="" type="checkbox"/> Cities	
<input checked="" type="checkbox"/> Counties		<input type="checkbox"/> Others	
<input type="checkbox"/> School Districts		<input type="checkbox"/> WTCS Districts	
Fund Sources Affected		Affected Ch. 20 Appropriations	
<input type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS			
Agency/Prepared By		Authorized Signature	
DOR/ Daniel Huegel (608) 266-5705		Paul Ziegler (608) 266-5773	
		Date	
		2/24/2009	

Fiscal Estimate Narratives

DOR 2/24/2009

LRB Number	09-0903/1	Introduction Number	AB-0068	Estimate Type	Original
Description					
The distribution of the first dollar property tax credit					

Assumptions Used in Arriving at Fiscal Estimate

Under current law, the lottery and gaming credit (paid on the 4th Monday in March) and the school levies credit (paid on the 4th Monday in July) due to a municipality are normally paid to the county treasurer, who must settle for the credit with the appropriate taxation jurisdictions for their share of these credit payments. A municipality may choose to have these credits paid directly to them if (a) the municipality collects property taxes in three or more installments, or (b) the total payments under the two credits are \$3 million or more. If the municipality receives the credits, the municipal treasurer must settle with the county treasurer, who in turn settles with the remaining taxation jurisdictions for their share of the credit payments.

Under current law, the first dollar credit (paid on the 4th Monday in July) is paid to the municipality. The municipal treasurer must settle for this credit with the county treasurer no later than August 15. The county treasurer is then responsible for settling for the credit with the appropriate taxation jurisdictions for their share of the credit no later than August 20.

Under the bill, the first dollar credit would be paid to the county treasurer, who would be responsible for settling for the credit with the appropriate taxation jurisdictions for their share of the credit. A municipality could choose to continue to receive the payment directly if (a) the municipality collects property taxes in three or more installments, or (b) the total payment under all three credits are \$3 million or more.

Under current law, municipalities can earn interest for the days between when they receive the first dollar credit (4th Monday in July) and when they are required to settle with the county (August 15). Under the bill, these interest earnings may shift to the county. Based on an annual interest rate of 1.03% (equal to the rate paid on deposits in the state's Local Government Investment Pool for January 2009), and assuming that every municipality settles with the county on August 15, the maximum shift in interest earnings would be about \$40,200 ($\$75,000,000 \times 1.03\% \times 19/365$). Since many municipalities that can choose to have the first dollar credit paid directly to them will choose this option, the actual shift in interest earnings will be lower than the amount shown above.

The Department of Revenue would incur one-time costs to change its computer and accounting systems regarding to whom the first dollar credit should be paid. These costs can be absorbed.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2009 Session

Detailed Estimate of Annual Fiscal Effect

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Description The distribution of the first dollar property tax credit	
I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):	
II. Annualized Costs:	Annualized Fiscal Impact on funds from:
	Increased Costs Decreased Costs
A. State Costs by Category	
State Operations - Salaries and Fringes	\$
(FTE Position Changes)	
State Operations - Other Costs	
Local Assistance	
Aids to Individuals or Organizations	
TOTAL State Costs by Category	\$
B. State Costs by Source of Funds	
GPR	
FED	
PRO/PRS	
SEG/SEG-S	
III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)	
	Increased Rev Decreased Rev
GPR Taxes	\$
GPR Earned	
FED	
PRO/PRS	
SEG/SEG-S	
TOTAL State Revenues	\$
NET ANNUALIZED FISCAL IMPACT	
	State Local
NET CHANGE IN COSTS	\$
NET CHANGE IN REVENUE	\$ \$see text of fiscal note
Agency/Prepared By	Authorized Signature
DOR/ Daniel Huegel (608) 266-5705	Paul Ziegler (608) 266-5773
	Date
	2/24/2009